

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 27-28, 2004

Reference No.: 4.12
Information Item

From: CINDY MCKIM
Acting Chief Financial Officer

Prepared by: Ross Chittenden
Division Chief
Transportation Programming

Ref: **REPORT ON GARVEE BOND PROJECT CANDIDATE READINESS**

The Department of Transportation (Department) is presenting this item as an Informational Item.

At the September 15, 2004 California Transportation Commission (Commission) meeting the Department was asked to report on potential Grant Anticipation Revenue Vehicle (GARVEE) Bond project candidate readiness and a projection of quarterly expenditures based on assumed award dates. Specific projects under consideration for funding with future GARVEE Bond revenues were presented at the September 2004 Commission meeting under Reference Item 4.9 and are discussed further here.

Background

The 2004 State Transportation Improvement Program (STIP) Commission Staff Recommendations included a list of potential GARVEE candidate projects. Inclusion in the list did not necessarily mean that a project was a high priority for bonding under the Commission's criteria, nor did it necessarily mean that the project would be ready in time to be appropriate for a bond sale this year. Some projects were included on the list because they were nominated either by the Department or by the region. Others were added by Commission staff because they were large and either ready or close to being ready for construction. The September 2004 Reference Item 4.9, Potential for GARVEE Bond Project Candidates, was presented so that comments on the candidate projects could be received. The September 2004 Reference Item 4.9 divided the candidate projects into three groups. The Commission requested a report on project readiness for Group 1 and 2 candidates only.

Group 1 - Projects that most clearly satisfy the Commission's selection criterion to provide major improvements to corridors and gateways for interregional travel and goods movement and are either ready to go or will be ready by the first quarter of 2005.

Group 2 - Projects that would also appear to meet Commission's criterion for interregional travel yet have a later delivery date.

Group 3 - Projects that are more focused on regional needs rather than corridors and gateways for interregional travel. They were included in the potential candidate list because they met the general size criterion and because it was reported that they were ready to go or would soon be ready.

Group 4 - Projects added to the list, at the request of a region, subsequent to STIP adoption.

Potential GARVEE Bonding Candidates

(\$1,000's)

September 2004 Reference Item 4.9 Project List

County/Route	PPNO	Project	2004 STIP Programmed Funding			Group
			STIP	ITIP	RTIP	
Butte-149	16W	Rt 70-Rt 99, 4-lane expressway	\$ 64,654	\$ 58,227	\$ 6,427	1
Contra Costa-80	261F	WB HOV lanes, Rt 4-Carquinez Bridge	29,300	23,300	6,000	1
Fresno-99	1530	Kingsburg-Selma, 6-In fwy (TCR #90)	43,500	43,500	0	1
Fresno-180	90F	New Freeway, (TCR #93)	36,781	0	36,781	3
Kern-14	8010	North of Mojave, expressway upgrade	45,284	18,113	27,171	2
Los Angeles-5	2808A	Interchanges, Ora Co-Rt 605 (TCR #43)	129,847	0	129,847	2
Madera-99	5410	Freeway conversion, Fairmead	36,460	36,460	0	2
Merced-99	5479	Freeway conversion, Atwater	36,112	36,112	0	2
Merced-99	528D	Freeway conversion, Mission Av interch	51,363	30,124	21,239	2
Merced-99	546D	Freeway conversion, Livingston	26,800	26,800	0	2
Orange-5	978T	HOV lanes, Route 91-LA County	59,551	36,209	23,342	2
Orange-90	4434	Imperial Hwy grade sep, Orangethorpe	31,983	0	31,983	3
Placer - 80	151D	Sierra College Interchange	18,250	9,740	6,592	4*
San Diego-52	260	Rt 125-Cuyamaca, 4-In fwy (TCR #84)	68,920	0	68,920	3
San Diego-905	374K	Otay Mesa, 6-In freeway (TCR #86)	102,756	78,890	23,866	2
San Joaquin-205	7965B	Rt 5-11th St, 6-In freeway (TCR #107)	66,909	39,239	27,670	1
Santa Cruz-1	542F	Route 1/17 connector	39,129	0	39,129	3
Sonoma-101	789A	HOV lanes, Rt 12-Steele Ln (TCR #159)	49,470	12,000	37,470	1
Ventura-23	1167D	Rt 118-Rt 101, 6-In freeway	35,916	0	35,916	3
Ventura-118	1238J	Tapo Canyon-LA Co Line, widen	40,595	0	40,595	3
TOTAL			\$1,011,662	\$446,714	\$564,948	

* Project identified at September Commission meeting

The discussion below indicates the deliverability of the candidate projects that appear in Groups 1 and 2. The assumption used for these projects is that GARVEE bonding will occur during FY 2004-05 and that bond sales will occur in late winter or early spring. This assumption was then used to project award dates and expenditure forecasts based upon current cost estimates.

All projects in Groups 1 and 2 are subject to delivery risks associated with material cost inflation. If bids are higher than expected, re-bidding of projects may be required. Re-bidding may delay award beyond the expected date. Any additional risks or issues associated with individual projects are indicated under the specific project.

DISCUSSION - Group 1 Candidates:**Butte 149 - From Route 70 to Route 99, construct four-lane expressway**

This project will be Ready To List (RTL) for advertisement by December 2004. The current estimate is \$82,500,000. This is \$17,846,000 over the programmed amount. The increased cost estimate is due to normal project escalation and material cost inflation.

Delivery Risks and Issues: The Army Corps of Engineers 404 permit is being modified to allow environmental mitigation during construction instead of the current requirement that it be completed prior to construction. It is expected that the modified permit will be issued mid-December 2004. Should the permit modification not be approved, then concurrent mitigation will not be possible, thereby substantially delaying construction start date.

Contra Costa 80 - Construct westbound HOV lanes. Route 4 to Carquinez Bridge

This project is anticipated to be RTL by February 2005. The current construction estimate is \$19,935,000.

Delivery Risks and Issues: This project was on the Highway/Rail and Transit Pending Allocation list in FY 2003-04. Since no allocations were made for this project last year and it was reprogrammed into FY 2005-06 of the adopted 2004 STIP, the project Design (PS&E) package was returned back to the district. In the interim, design specifications and standards have changed. The district will need to update the project PS&E to reflect the revised standards.

Fresno 99 - Kingsburg to Selma, upgrade to six-lane freeway

This project will be RTL by January 2005. The current STIP estimate for this project is \$47,500,000. This is an increase of \$4,000,000 over the current programmed STIP amount and is due to material cost inflation.

Delivery Risks and Issues: This project was on the Highway/Rail and Transit Pending Allocation list in FY 2003-04. Since no allocations were made for this project last year and it was reprogrammed into FY 2005-06 of the adopted 2004 STIP, the project Design (PS&E) package was returned back to the district. In the interim, design specifications and standards have changed. The district will need to update the project PS&E to reflect the revised standards.

Project includes \$16,140,000 of unallocated Traffic Congestion Relief Program (TCRP) funds. The STIP funding was amended to replace the TCRP funds with STIP funds. The TCRP funds, should they become available, could be used to fund the cost increase and allow for reduced GARVEE financing.

San Joaquin 205 – Between Route 5 and 11th St. upgrade to six-lane freeway

This project will be RTL by December 2004. The current STIP estimate is \$67,000,000.

Delivery Risks and Issues: The total project construction budget of \$92,000,000 includes \$25,000,000 of TCRP funds.

Sonoma 101 - Route 12 to Steele Lane interchange, construct HOV lanes

Improvements in this area consist of two programmed STIP projects: PPNO 0789A to construct HOV lanes and PPNO 1789B to re-construct the Steele Lane interchange. Together these projects constitute the Commission approved Sonoma 101 Corridor project.

Route 101 HOV project (PPNO 0789A):

Selected as the first design-sequencing pilot project, as authorized by Streets and Highways Code Section 217, this project is at approximately 60% PS&E. By statute, only 30% PS&E is required for allocation and award. A second design-sequencing pilot program (Senate Bill No. 1210) was passed on August 24, 2004, and will take effect January 1, 2005. If this project is selected under the new pilot program, then this project will be ready for allocation by January 2005. If this project is not selected under the new pilot program, then it will revert to a traditional delivery contract with an estimated project allocation in the summer of 2005.

The current estimate for construction is \$49,100,00. Right of Way (R/W) is estimated at \$3,000,000, for a combined total capital need of \$52,100,000.

Route 101 Steele Lane Interchange project (PPNO 0789B):

Project PS&E is 100% complete and is RTL. The current construction estimate is \$11,200,000.

Delivery Risks and Issues: The total project corridor budget includes \$6,000,000 of TCRP funds. Full funding of both projects will require the availability of the TCRP funds. The corridor also includes funding from the Congestion Mitigation Air Quality and Transportation Enhancement funding sources.

DISCUSSION - Group 2 Candidates:**Kern 14 - North of Mojave, expressway upgrade**

This project will be RTL by July 2005. The current cost estimate is \$51,684,000. This is \$6,400,000 over the current programmed STIP amount and is due to material cost inflation and normal project escalation.

Delivery Risks and Issues: None currently identified.

Los Angeles 5 - Carmenita Interchange Improvement

This project will be RTL by July 2007, if the RW acquisition begins in FY 2004-05. This proposal is to fund the RW component with GARVEE bond proceeds in FY 2004-05. The current RW cost estimate is \$131,582,000. This estimate is \$33,712,000 over the current programmed STIP amount of \$97,870,000. The increased cost estimate is due to the steep rise in property values in the Los Angeles region.

Delivery Risks and Issues: None. RW acquisition will begin as soon as GARVEE funding is available. The project funding plan also includes \$70,710,000 of unallocated TCRP funds.

Madera 99 - Freeway conversion, Fairmead

This project will be RTL by February 2007, if the R/W acquisition begins in FY 2004-05. The current construction cost estimate is \$37,454,000; the current R/W estimate is \$6,100,000. This is \$994,000 over the current programmed STIP amount and is due to normal project escalation.

Delivery Risks and Issues: R/W acquisition in a timely fashion is unlikely due to the shortfall of FY 2004-05 R/W capital. The original GARVEE bonding estimate for this project only included construction. The R/W must be acquired prior to construction and is the critical path item on this project. Every year R/W is delayed, further delays construction. The attached expenditure projections that follow include R/W and construction needed for this project.

Merced 99 - Freeway conversion, Atwater

This project will be RTL by Fall 2006 if the R/W acquisition is funded in FY 2004-05. The current construction cost estimate is \$36,138,000.

Delivery Risks and Issues: R/W acquisition in a timely fashion is at risk due to the shortfall of FY 2004-05 R/W capital.

Merced 99 - Freeway conversion, Mission Avenue Interchange

This project will be RTL by May 2005. The current construction cost estimate is \$53,965,000. This estimate is \$2,602,000 over the current programmed STIP amount and is due to material cost inflation.

Delivery Risks and Issues: The environmental certification is complete and the R/W process is in order, but there are a few parcels that will be acquired through the condemnation process. The condemnation process could take longer than expected.

Merced 99 - Freeway conversion, Livingston

This project will be RTL in April 2005, and the current estimate is \$27,020,000.

Delivery Risks and Issues: This project was on the Highway/Rail and Transit Pending Allocation list in FY 2003-04. Since no allocations were made for this project and it had safety components that needed urgent attention, the safety components were removed from the project. A separate State Highway Operation and Protection Program (SHOPP) project was programmed to address the safety issues. The SHOPP safety project was allocated May 2004. Due to the removal of the safety components from the original STIP project, the PS&E was resubmitted and will be RTL in April 2005.

Orange 5 - Construct HOV lanes, Route 91 to LA county line

This project is anticipated to be RTL in June 2006. The current STIP cost estimate is \$59,306,000.

Delivery Risks and Issues: None currently identified.

San Diego 905 - Otay Mesa, construct six lane freeway

This project will be delivered in two phases. Phase 1, a 6-lane freeway from Route 805 to the Otay Mesa Port of Entry to Mexico, is under design and is expected to be ready to list for advertisement in August 2005. Phase 2, upgrading the Route 805/905 Interchange and providing an auxiliary lane along Northbound Route 805 is currently completed for design and could be ready to list for advertisement within a few months of funding approval. The current STIP cost estimate is \$102,756,000.

Delivery Risks and Issues: None. All environmental, right of way and utility constraints are expected to be cleared prior to August 2005.

A matrix of estimated project expenditure projections, based on assumed project award dates, is Attached. The GARVEE amount in the matrix includes all cost increases discussed in each project above. The projections are shown by quarter, by fiscal year and include projects in Groups 1 and 2 only.

Expenditure Projection For Potential GARVEE Bond Project Candidates

Fiscal Years 2004-05 through 2006-07

Reference No. 4.12
October 27-28, 2004
Attachment
Page 1 of 2

GARVEE Funds (\$'s x 1,000)

County	PPNO	Project	RTL Date	Anticipated Award Date	GARVEE Amount (\$'s x 1,000)	FY 2004-05				FY 2005-06				FY 2006-07			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Butte-149	0016W	Rt 70-Rt 99, 4-lane expressway	Dec-2004	Apr-2005	\$82,500				\$4,500	\$19,600	\$9,700	\$1,400	\$9,700	\$13,100	\$7,200	\$1,100	\$6,300
Contra Costa-80	261F	WB HOV lanes, Rt 4-Carquinez Bridge	Jan-2005	Apr-2005	\$19,935				\$1,935	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000		
Fresno-99	1530	Kingsburg-Selma, 6-In fwy (TCR #90)	Feb-2005	Jun-2005	\$47,500				\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$4,000	\$4,000	\$4,000
Kern-14	8010	North of Mojave, expressway upgrade	Jul-2005	Sep-2005	\$51,684						\$6,000	\$3,800	\$4,300	\$4,800	\$5,500	\$5,500	\$5,500
Los Angeles-5	2808A	Interchanges, Ora Co-Rt 605 (TCR #42)*	R/W Only	R/W Only	\$131,582			\$10,000	\$14,000	\$15,000	\$16,000	\$17,000	\$17,000	\$17,000	\$17,000	\$5,000	\$3,582
Madera-99	5410	Freeway conversion, Fairmead*	R/W Only	R/W Only	\$6,100			\$50	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$50		
Madera-99	5410	Freeway conversion, Fairmead	Feb-2007	Jul-2007	\$37,454												
Merced-99	5479	Freeway conversion, Atwater	Oct-2006	May-2007	\$36,138												\$3,255
Merced-99	528D	Freeway conversion, Mission Av interch	May-2005	Dec-2005	\$53,965						\$4,942	\$5,476	\$5,568	\$5,605	\$5,900	\$4,257	\$4,146
Merced-99	546D	Freeway conversion, Livingston	Apr-2005	Sep-2005	\$27,020					\$3,383	\$3,601	\$3,329	\$3,218	\$3,257	\$3,165	\$2,579	\$2,302
Orange-5	978T	HOV lanes, Route 91-LA County	Jul-2005	Oct-2005	\$59,306						\$5,135	\$4,708	\$4,985	\$4,942	\$4,942	\$4,942	\$4,942
San Diego-905	0374K	Otay Mesa , 6 Ln freeway (TCR #86) Phase 1	Aug-2005	Dec-2005	\$88,056				\$2,516	\$2,516	\$5,032	\$5,032	\$10,064	\$10,064	\$10,064	\$10,064	\$10,064
San Diego-905	0374K	Otay Mesa , 6 Ln freeway (TCR #86) Phase 2	Nov-2005	Mar-2006	\$14,700							\$2,100	\$2,100	\$2,800	\$2,800	\$2,100	\$1,400
San Joaquin-205	7965B	Rt 5-11th St, 6-In freeway (TCR #107)	Dec-2004	Apr-2005	\$67,000				\$9,541	\$7,415	\$7,415	\$6,026	\$9,541	\$4,541	\$4,459	\$4,567	\$4,539
Sonoma-101	789A	HOV lanes, Route 12-Steel Lane	Mar-2005	May-2005	\$49,100				\$2,455	\$2,455	\$2,455	\$2,455	\$6,138	\$6,138	\$6,138	\$6,138	\$3,682
Sonoma-101	789B	Steel Lane IC Modifications	Jan-2005	Apr-2005	\$11,200				\$560	\$560	\$560	\$560	\$1,400	\$1,400	\$1,400	\$1,400	\$840

* Right of Way Acquisition

Expenditure Projection For Potential GARVEE Bond Project Candidates

Fiscal Years 2007-08 through 2009-10

Reference No. 4.12
October 27-28, 2004
Attachment
Page 2 of 2

GARVEE Funds (\$'s x 1,000)

County	PPNO	Project	RTL Date	Anticipated Award Date	GARVEE Amount (\$'s x 1,000)	FY 2007-08				FY 2008-09				FY 2009-10			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Butte-149	0016W	Rt 70-Rt 99, 4-lane expressway	Dec-2004	Apr-2005	\$82,500	\$6,600	\$3,300										
Contra Costa-80	261F	WB HOV lanes, Rt 4-Carquinez Bridge	Jan-2005	Apr-2005	\$19,935												
Fresno-99	1530	Kingsburg-Selma, 6-In fwy (TCR #90)	Feb-2005	Jun-2005	\$47,500	\$3,000	\$1,500	\$1,000	\$1,000								
Kern-14	8010	North of Mojave, expressway upgrade	Jul-2005	Sep-2005	\$51,684	\$4,800	\$4,300	\$3,800	\$3,384								
Los Angeles-5	2808A	Interchanges, Ora Co-Rt 605 (TCR #42)*	R/W Only	R/W Only	\$131,582												
Madera-99	5410	Freeway conversion, Fairmead*	R/W Only	R/W Only	\$6,100												
Madera-99	5410	Freeway conversion, Fairmead	Feb-2007	Jul-2007	\$37,454	\$4,123	\$4,123	\$4,123	\$4,123	\$4,123	\$4,123	\$4,123	\$4,123	\$4,123	\$116	\$116	\$115
Merced-99	5479	Freeway conversion, Atwater	Oct-2006	May-2007	\$36,138	\$3,347	\$3,402	\$3,425	\$3,443	\$2,942	\$2,928	\$2,944	\$2,935	\$1,955	\$1,893	\$1,863	\$1,806
Merced-99	528D	Freeway conversion, Mission Av interch	May-2005	Dec-2005	\$53,965	\$4,221	\$4,158	\$2,775	\$2,444	\$2,273	\$2,200						
Merced-99	546D	Freeway conversion, Livingston	Apr-2005	Sep-2005	\$27,020	\$2,186											
Orange-5	978T	HOV lanes, Route 91-LA County	Jul-2005	Oct-2005	\$59,306	\$4,942	\$4,942	\$4,942	\$4,942	\$4,942							
San Diego-905	0374K	Otay Mesa , 6 Ln freeway (TCR #86) Phase 1	Aug-2005	Dec-2005	\$88,056	\$7,544	\$5,032	\$5,032	\$2,516	\$2,516							
San Diego-905	0374K	Otay Mesa , 6 Ln freeway (TCR #86) Phase 2	Nov-2005	Mar-2006	\$14,700	\$1,400											
San Joaquin-205	7965B	Rt 5-11th St, 6-In freeway (TCR #107)	Dec-2004	Apr-2005	\$67,000	\$1,444	\$2,053	\$5,459									
Sonoma-101	789A	HOV lanes, Route 12-Steel Lane	Mar-2005	May-2005	\$49,100	\$3,682	\$3,682	\$3,682									
Sonoma-101	789B	Steel Lane IC Modifications	Jan-2005	Apr-2005	\$11,200	\$840	\$840	\$840									

* Right of Way Acquisition